



Mary Krayeske
Associate Counsel
Law Department

September 27, 2019

Via E-Mail

Hon. Kathleen H. Burgess
Secretary to the Commission
New York State Department of Public Service
Three Empire State Plaza
Albany, NY 12223

Re: 14-E-0302 – Petition of Consolidated Edison Company of New York, Inc. for
Approval of Brooklyn/Queens Demand Management Program

Dear Secretary Burgess:

As required by the New York State Public Service Commission's ("Commission") April 20, 2015 *Order Granting Rehearing and Granting Clarification in Part* ("April Order") in the above-referenced proceeding, Con Edison submits the attached benefit-cost analysis ("BCA") update.¹ In addition, the Company is attaching an avoided cost model that provides the BCA inputs.

This BCA update incorporates all existing and planned procurement activities related to Commission authorizations in the December 12, 2014 BQDM Order² and in the July 13, 2017 Extension Order³ and related load reductions.

This BCA includes the following assumptions:

- Freezes the traditional BQDM infrastructure components at their 2015 cost levels to reflect the original assumptions associated with the program

¹ The Commission's March 21, 2016 *Order Revising Diversity Index for Brooklyn/Queens Demand Management Program and Clarifying Filing Date for Benefit Cost Reports* clarified that the reports are due sixty days after the end of the second and fourth quarter each year. The Company requested and was granted a 30 day extension to file the 2019 second quarter report. Please see Case 14-E-0302, *Ruling on Extension Request* (issued August 27, 2019)

² Case 14-E-0302, *Order Establishing Brooklyn/Queens Demand Management Program* ("BQDM Order") (issued July 13, 2017), approved the Company's proposed BQDM Program.

³ Case 14-E-0302, *Order Extending Brooklyn/Queens Demand Management Program* ("Extension Order") (issued July 13, 2017), approved the Company's petition to extend the BQDM Program beyond 2018 for deferral of the Glendale Project, an infrastructure component of the overall BQDM Program, which includes an approximately 60 MW load transfer out of the BQDM Program area and related infrastructure upgrades.

- Assumes deferral periods of traditional infrastructure components as originally developed for the BQDM program
- Defers the Glendale Project as per the Extension Order
- Includes the total cost for customer side solutions and non-traditional utility side solutions (\$153.4M, less than the authorized \$200M)

Based on these changes, this BCA update results in a Societal Cost Test (“SCT”) score of 1.11.

While the BCA result indicates that the BQDM program is cost-effective based on holding constant the assumptions related to deferral of traditional projects as developed at the inception of the program, the full benefits of the BQDM program, considering today’s circumstances, are, in fact, understated. This is because the Company’s current plans for future infrastructure build in the BQDM area indicate deferral periods beyond the Company’s planning horizon, resulting in customer benefits greater than originally envisaged when the program was developed. For example:

- The Glendale Load Transfer project is currently outside the Company’s 20 year planning horizon. Assuming project elimination in the BCA increases the net benefits by approximately \$122.5 million.
- The original substation and related infrastructure upgrades that the program sought to defer are also no longer in the Company’s infrastructure build plans within the Company’s 20-year planning horizon. Assuming that such projects are deferred to just beyond 20 years from now, the net benefits increase by \$496.3 million.

Given that the Company has included all the projects it has already implemented or intends to implement under the BQDM program in this BCA report, the Company requests that this report serve as the final semi-annual BCA filing under the April Order and Extension Order. The Company does not intend to file any additional BQDM BCA reports unless the BQDM program costs exceeds the cost of the BQDM program included in this BCA .

Please contact me if you have any questions or require any additional information.

Thank you.

Sincerely,

/s/ Mary Krayeske

Mary Krayeske

Attachments